

Bill 16 (2018)

Early Testimony

TO: Honolulu City Council

FROM: Natalie Iwasa
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MEETING: Wednesday, March 28, 2018

SUBJECT: Bills 14, 15 and 16, City Budgets - **COMMENTS**

Aloha Chair Martin and Councilmembers,

Following is the testimony I gave regarding Bills 14, 15 and 16, the city's legislative, operating and capital improvement budgets for fiscal year, as well as follow up comments.

Bill 14 - Legislative Budget. Please include a briefing on this budget during the next committee meeting and include the amount of each member's allotment of the \$215,000 line item.

Bill 15 - City Operating Budget. During the special budget meeting on March 27, 2018, most of the department heads were not allowed to testify. The budget chair stated that requests for executive summaries for each department were requested and received. I had checked the council's website under "Department Communications" (this is where similar communications had been posted for the past several years) prior to the full council meeting and was unable to find these summaries. Prior to the floor introduction of these bills, I also checked with the clerk's office and was told that they had not yet received them.

During discussion of these bills, Councilmember Ozawa stated the communications were listed under "Mayor's Messages." After the vote was taken, I checked again with the clerk's office and was given a copy of Mayor's Message 33, which does include the department summaries. The summaries are also now detailed under each bill. In the future, I will check all communications folders.

While I have not yet looked at the summaries provided by the department heads, I do ask that the city's integrity hotline be expanded to be available 24/7 and open to everyone as well as allow anonymous reporting. The hotline's funding is included in the Internal Control Division of Budget and Fiscal Services.

In addition, please look closely at the duties of the new rail operations and maintenance staff that are included in the budget for the Department of Transportation Services. Rail is not ready to begin operations, so it is important to understand what these people will be doing until the start date and cut costs accordingly.

Natalie Iwasa, cont.

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Bill 16 – City Capital Improvement Program Budget. I oppose the \$44 million of HART operating costs and the \$64 million in funding for Ala Moana Transit Oriented Development. During the budget briefing meeting, the director of Budget and Fiscal Services stated the city is not allowed to pay for operating costs with bonds. He also mentioned that they plan to meet with HART auditors to discuss restatement of HART's audited financial statements to move operating costs to capital costs. They're basically trying to fit five years or more of financial reporting into the current situation to allow for bond funding. Financial statements may be restated to correct an error, recognize a change in accounting principle or when there's a change in reporting entity. The fact that this is being considered tells me the city and HART are getting desperate. We need to stop at Middle Street.